BUILDING GLOBAL BUSINESSES

KUBERA CROSS-BORDER FUND LIMITED

INTERIM REPORT 2015

CONTENTS

About Us

Kubera Cross-Border Fund (the 'Fund') is a closed-end investment company listed on the AIM market of the London Stock Exchange. The Fund makes private equity investments in cross-border companies, primarily in businesses that operate in the US-India corridor.

The Fund's investment manager, Kubera Partners LLC, brings a strong track record of investing in or managing such businesses. Several of the Fund's investee companies also benefit from business activities in the growing Indian domestic market.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the interim report and financial statements of Kubera Cross-Border Fund Limited (the "Fund"), for the six month period ended 30 June 2015.

NAV and Discount

The value of the Fund's net assets decreased from US$ 56.90 million to US$ 54.77 million during the six month period, which ended on 30 June 2015. The Fund's net asset value ("NAV") per share decreased by 3.8 per cent from US$ 0.52 to US$ 0.50 between 31 December 2014 (audited) and 30 June 2015 (un-audited). The decrease in NAV is primarily attributable to the depreciation of Indian Rupee vis-à-vis the US Dollar (which is the denomination of the Fund) and a decrease in public equity market valuations, which are taken into account in establishing the value of equity interests in the Fund's portfolio which are publicly traded securities.

The Fund's share price remained fairly constant at US$ 0.22 as at 30 June 2015. The discount of the Fund's share price to NAV increased from 50 per cent as at 31 December 2014 to 56 per cent as at 30 June 2015.

Investments

Under the terms of the Investment Management Agreement, the Investment Manager has sole authority over the disposition and realisation of investments. Given the substantial co-investment made by members of the Investment Manager alongside shareholders in each of the Group's investments, I believe that the Investment Manager's interests are aligned with shareholders.

Portfolio Valuations

The Fund's interim financial statements are prepared in accordance with US GAAP. The valuations of investments are reviewed and approved by the Audit Committee of the Board on a quarterly basis. All investments are recorded at estimated fair value, in accordance with SFAS 157 that defines and establishes a framework for measuring fair value. The NAV is calculated on this basis. The methodology underlying the Fund's investment valuations is consistent with previous periods.

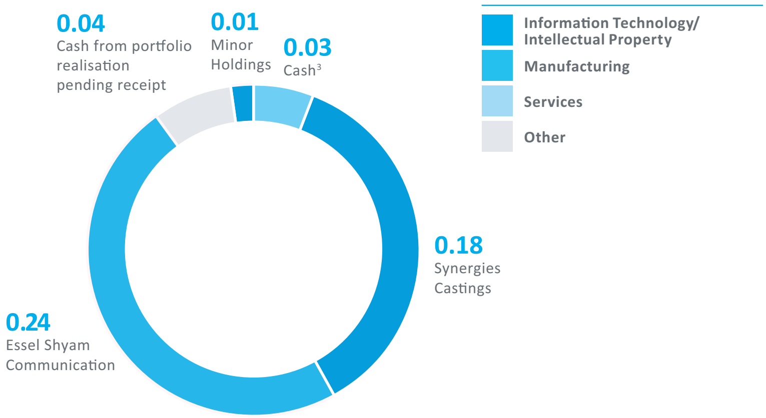
Closing Remarks

The Investment Manager's report on page 5 provides information on the investment environment in India, together with progress regarding the implementation of the Group's realisation policy and performance of each of the Fund's investments. Further detailed information on investments, quarterly net asset values and other material events relating to the Fund are available through news releases made to the London Stock Exchange available on www.londonstockexchange.co.uk under ticker KUBC and through the Fund's website at www.kuberacrossborderfund.com.

Martin M. Adams
Chairman

NAV Composition[1] (US$ per share)

NAV per share[2]



Notes:

1. As of June 30, 2015.
2. Excludes co-investment by affiliates of the Investment Manager which amounts to 9% of every investment made by the Fund.
3. Cash is net of receivables and payables.

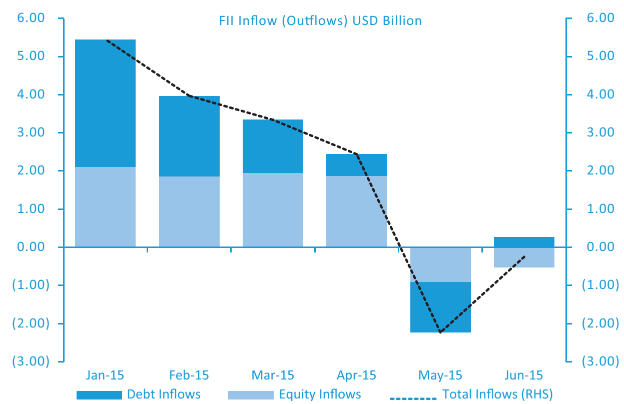
Investment Manager's Report

India Economic Review[1]

The Indian economy expanded at 7.3 per cent growth rate in FY2014-15 against 6.9 per cent in FY2013-14, on account of improvement in the performance of both services as well as manufacturing sectors.

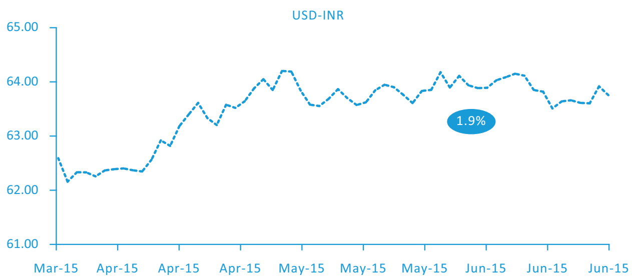
According to International Monetary Fund Indian GDP growth rate will outpace Chinese growth this year. According to IMF forecasts India's GDP will grow at 7.2 per cent this year followed by 7.5 per cent next year, whereas Chinese economy will expand at 7.0 per cent this year and 7.2 per cent next year. The IMF report cited India's structural reform initiatives such as 'Make in India' will generate sufficient jobs in manufacturing sector to raise India's growth trajectory. In the month of April industrial activity gained traction, as the index of industrial production (IIP) posted a better than expected 4.1 per cent growth (2.8 per cent for Mar'15) on the back of 5.1 per cent growth in manufacturing and 11.1 per cent expansion in capital goods.

According to a World Bank report, India's GDP crossed the $2 trillion mark in 2014 and the economy has added $1 trillion in just seven years. Although India among the world's fastest growing economies this year, recent corporate earnings data is below market estimates. Profits of companies forming a part of Index Sensex were either flat or nominally up, against Analysts' expectations of 12-16 per cent growth for FY2015, as these companies delivered two consecutive quarters of negative earnings growth. However auto companies are continuing their strong run with all the OEMs recording higher month on month sales numbers indicating a revival of economic activity. For the month of May 2015 sales numbers for medium and heavy commercial vehicles were up year on year by 11.0 per cent and 23.0 per cent respectively. Similarly passenger vehicles segment registered the growth rate of 5.0 per cent.



Uncertainty relating to the Greek debt crisis and an extraordinarily volatile Chinese equity market have unsettled global investors, raising concerns of a flight of capital from Indian markets. These concerns are being reflected in Foreign Institutional Investor numbers, as inflows for the first time in the last two years were negative during the quarter ended 2015 (US$ -0.04 billion) compared to US$ 11 billion received in the quarter ended June 2014. According to UNCTAD's World Investment Report 2015, Foreign Direct Investment (FDI) inflows to South Asia rose to US$ 41 billion in 2014, and India accounted for US$ 34 billion of it.

The BSE Sensex (which comprises 30 stocks) closed at 27,781 on June 30, 2015. The Sensex stalled its upward momentum during the period March to June 2015 by losing 0.6 per cent. During the same period the mid-cap index (NIFTY Midcap) underperformed the broad index by losing 4.8 per cent.



The US dollar continued its appreciation against a basket of major currencies including the Indian rupee. The rupee traded within a range of 62 to 64 rupees to the dollar throughout the quarter, ending at 63.76 on June 30 compared to 62.59 rupees to the dollar at the end of the previous quarter. During the quarter, the rupee depreciated against the US dollar by 1.9 per cent.

1 Sources: Reserve Bank of India, BSE India, Securities and Exchange Board of India, Thomson Reuters & others.

Quarterly portfolio summary

At close of business on 30 June 2015, the Fund's unaudited net asset value per share ("NAV") was US$ 0.50. The aggregate value of shareholder distributions to date and the NAV amount to US$ 0.83 per share. The denomination of the Fund is in US Dollars; the Fund does not hedge the currency risk relating to its investments denominated in Indian rupees.

Since the inception of the Fund, the rupee has depreciated relative to the US dollar by over 40 per cent. The Fund's performance in rupee terms, as of the 30 June 2015 NAV, amounts to a multiple of 1.06x of cost; in dollar terms as mentioned above it is 0.83x (inclusive of total distributions of $ 0.33/share).

While sentiment in India remains bullish, and the Fund's two major holdings are performing well operationally, the fact remains that meaningful monetization has not yet occurred, and the path to liquidity for private investments in India remains challenged. The Manager is deeply engaged in exploring all liquidity options.

Investment holdings > 5per cent

Note: Fiscal years end in March. FY2015 is the fiscal year ending March 2015 and estimates for this year are the portfolio company's board approved budgets or Kubera Partners' estimates – there is no assurance that these will be actual achieved results.

ESSEL SHYAM

Investment Summary

Investment Amount[2]	$13.4 million
Investment Date	November 2008
KUBC Holding	27.6 per cent
Current Value	$25.91 million
NAV/Share	$0.24
Type of security	Preference and equity shares in India entity
Selected Investor Rights	**Liquidity Preference** Yes **Board Seats** Two

Company Overview

ESCL provides solutions for the media broadcasting (teleporting, content management, play outs and mobile connectivity via DSNG vans) and satellite communications industries. ESCL also implements TV channel build outs.

Company Positioning

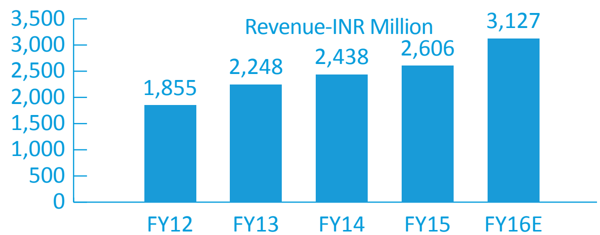
- **Derivative play on media industry:** The media broadcasting industry in India is expected to witness high growth in the coming year with the launch of several new channels. As the largest outsourced provider of teleporting and other services, ESCL is well positioned to benefit from this growth.
- **Unique offering:** ESCL has a unique portfolio of offerings – teleporting, DSNG and system integration capabilities – for the media broadcast industry and has deep and long term customer relationships.
- **Strong performance record:** The company has been profitable since inception and has grown at over 20per cent CAGR for the last five years.
- **Strong management team:** ESCL has a strong and loyal team including the two founding directors, with 70 employees having been with the firm for over 5 years.

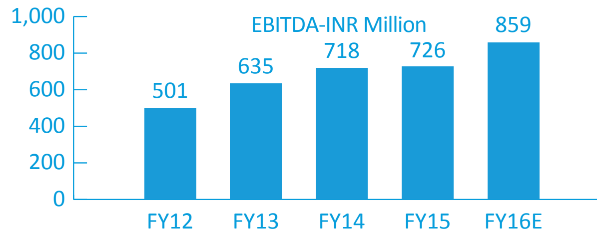
Current Situation

- The company is moving forward with the planning for an initial public offering in CY2016.
- Business performance continues to be strong.

Financial Updates

- ESCL reported revenue of INR 751 million (9per cent YoY decline) and EBITDA of INR 171 million (22per cent YoY decline) during the final quarter of FY2015. The core business segment of teleport services continues to demonstrate good growth, at 32per cent on a YoY basis.
- For the FY2015, ESCL recorded revenue of INR 2,606 million (YoY growth of 7per cent) and EBITDA of INR 726 million (YoY growth of 1per cent); EBITDA margins were down by 162 bps at 28per cent.
- The company's net debt position (cash surplus) stands at INR -164 million.
- The value of our investment remained flat during the quarter.





2 Excludes manager's co-invest, which is ~9per cent of each investment; data as of Jun 30, 2015

Investment holdings > 5per cent

SYNERGIES CASTINGS LIMITED

Investment Summary

Investment Amount[3]	$26.9 million
Investment Date	December 2007
KUBC Holding	58.3 per cent
Current Value	$19.98 million
NAV/Share	$0.18
Type of Security	Equity and preference shares in India entity
Selected Investor Rights	**Liquidity Preference** Yes **Board Seats** Two

Company Overview

Synergies Castings Limited (SCL) manufactures alloy and chrome plated wheels for OEMs. The company has one of the few integrated chrome plating facilities in the world, and the only one in India with the capability to manufacture large diameter wheels

Company Positioning

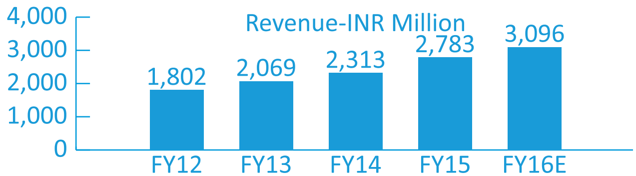
- **Targeting an attractive niche:** SCL is one of the few integrated chrome-plating facilities worldwide with an ability to produce large diameter wheels. It has a dominant market position in India
- **Design and engineering capabilities:** SCL has a world class manufacturing facility that has been validated by most large OEMs; excellent, and award-winning, design and engineering capabilities
- **Good mix of domestic and global OEM business:** SCL currently gets approximately 74per cent of its revenues from exports and the rest from the Indian market and has a strong order book both globally and in the domestic market
- **Capable management team:** SCL is founded by four first-generation entrepreneurs with significant industry experience who hold the key positions in the organization

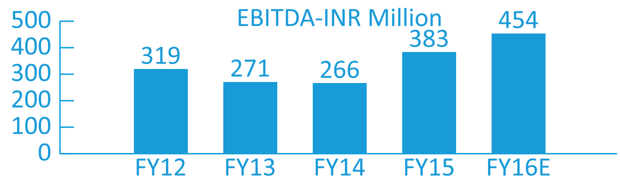
Current Situation

- The international & domestic order book continues to remain strong as a result of a large increase in volume demand from GM.
- In October 2014 Cyclone Hudhud hit the town of Visakhapatnam, leaving the company's manufacturing facilities severely impaired; management did a great job bringing the operation back online as quickly as they did.
- SCL commissioned the new CNC line in the current quarter and 85per cent of the work related to new paint line is complete.
- Progress has been made regarding a JV in the Gulf which could significantly increase capacity.
- Strategic options continue to be evaluated.

Financial Updates

- The operating performance of the company improved in the final quarter of FY2015:
  - **YoY Sales:** Sales during the last quarter was INR 776 million, up by 14per cent – primarily driven by jump in export sales by 30per cent.
  - **YoY EBITDA:** EBITDA during quarter was INR 147 million, up by 84per cent because of more chrome products.
  - **YoY Net Profit:** net profit of INR 39 million as compared to a profit of INR 30 million during the same quarter of last year.
- For the FY2015, the company recorded revenue of INR 2,783 million (YoY growth of 20per cent) and EBITDA of INR 383 million (YoY growth of 33per cent), with an improvement in EBITDA margins of 127 bps from 12.5per cent in FY14 to 13.7per cent in FY15.
- The company's net debt position is INR 1,346 million.





3 Excludes manager's co-invest, which is 9per cent of each investment; data as of Jun 30, 2015

Investment holdings > 5per cent

VENTURE INFOTEK
Changing The Way India Transacts™

Investment Summary

Investment Amount[5]	$21.1 million
Investment Date	December 2007
KUBC Holding	42.8 per cent
Type of Security	Equity shares in India entity
Current Value	$4.70 million
NAV/Share	$0.04

Company Overview

Venture Infotek ("VI")[4] is India's leading card transaction processing company, operating in three major business segments: Merchant Acquisition, Credit Card Issuance and Loyalty Cards.

Valuation Methodology

The pending tax receipts are being discounted to present value.

Business Updates

- Pending tax cash receipts from government of India.
- The company filed a writ petition in the Bombay High Court ('HC') to reinstate the Company's application to the tax Authority of Advance Rulings (AAR). The HC heard the petition favorably and has sent the matter back to AAR for passing a fresh order taking into account all the contentions and arguments of the case.
- Given merits of the case, we continue to be hopeful for a successful outcome for the company and for the Fund.

Financial Updates

- Kubera exited from the business in 2010, and distributed $0.33 per share from realized cash flows.

4 The company is now known as "Neopath Limited"

5 Excludes manager's co-invest, which is ~9per cent of each investment; data as of Jun 30, 2015

Cumulative Investment Summary for holdings < 5per cent

Investment Summary

Investment Amount[6]	$16.04 million
Current Value	$1.374 million
NAV/Share	$0.01

Company Overview

Ocimum Biosolutions offers genomics outsourcing services and is a leading genomics outsourcing company based out of India.

Updates

- We are contemplating legal remedies.

Company Overview

Spark is a full service investment bank with a strong presence in Southern India.

Updates

- We have made progress towards a potential buyback or other form of realization and expect to reach agreement in Q3.
- During the FY2015 period, the company generated INR 404 million in revenues and EBITDA of INR 67 million.

Company Overview

GSS Infotech provides IT infrastructure management services and enterprise application integration services to mid market enterprises in the US. The company is listed on the National Stock Exchange in India.

Business Updates

- KUBC exited the business by selling all of its GSS shares during the quarter.

6 Excludes manager's co-invest, which is ~9per cent of each investment; data as of Jun 30, 2015

Consolidated statement of assets and liabilities
as at 30 June 2015

(Stated in United States Dollars)	Notes	30 June 2015 (unaudited)	30 June 2014 (unaudited)
Assets			
Investments in securities, at fair value	2(e)	**57,009,910**	63,154,856
Cash and cash equivalents	2(h),5	**2,794,552**	4,464,709
Prepaid expenses		**34,035**	82,318
Total assets		**59,838,497**	67,701,883
Liabilities			
Accounts payable		**23,069**	31,114
Total liabilities		**23,069**	31,114
Net assets		**59,815,428**	67,670,769
Analysis of net assets			
Capital and reserves			
Share capital	6	**1,097,344**	1,097,344
Additional paid-in capital	6	**111,886,393**	111,886,393
Accumulated deficit		**(58,213,265)**	(50,931,234)
		54,770,472	62,052,504
Non-controlling interest	8	**5,044,956**	5,618,265
		5,044,956	5,618,265
Total shareholders' interests		**59,815,428**	67,670,769

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated schedule of investments
as at 30 June 2015

(Stated in United States Dollars) Name of the Entity	Industry	Country	Instrument
Investments in securities (other than warrants)			
NeoPath Limited	Investment holding company	Mauritius	Equity shares and Preferred shares
Essel Shyam Communication Limited	Media services	India	Compulsorily convertible preference shares and equity shares
Synergies Castings Limited	Automotive components	India	Compulsorily convertible cumulative preference shares, equity shares and loans
Others	Life sciences, Financial services, IT infrastructure	India	Compulsorily convertible preference shares, equity shares and loans
Total investments in securities			

The accompanying notes form an integral part of these consolidated financial statements.

30 June 2015 (unaudited)				30 June 2014 (unaudited)			
Number of shares	Cost	Fair value	% of net assets	Number of shares	Cost	Fair value	% of net assets
27,978,224	**–**	**5,160,839**	**8.63%**	18,284,614	–	5,701,665	8.43%
6,680,375	**14,682,134**	**28,431,056**	**47.53%**	5,555,056	14,682,134	27,224,979	40.23%
15,876,948	**29,388,556**	**21,918,015**	**36.64%**	15,876,948	31,505,122	25,838,787	38.18%
3,874,241	**17,600,233**	**1,500,000**	**2.51%**	4,784,241	27,825,507	4,389,425	6.49%
	61,670,923	**57,009,910**	**95.31%**		71,916,197	63,154,856	93.33%

Consolidated statement of operations
for the six month period ended 30 June 2015

(Stated in United States Dollars)	Notes	Six months ended 30 June 2015 (unaudited)	Six months ended 30 June 2014 (unaudited)
Investment income			
Interest	2(d)	**5,406**	10,740
Dividend	2(d)	**–**	362,229
Foreign exchange loss		**(3,203)**	–
		2,203	372,969
Expenses			
Investment management fee	2(m),3	**801,258**	951,040
Professional fees		**115,566**	63,652
Insurance		**43,427**	48,252
Directors' fees	4	**42,187**	46,645
Administration fees		**65,750**	65,750
License fees		**6,186**	2,437
Custodian fees		**9,265**	5,542
Other expenses		**41,283**	31,675
		1,124,922	1,214,993
Net investment loss before tax		**(1,122,719)**	(842,024)
Taxation	2(j),7	**–**	–
Net investment loss after tax		**(1,122,719)**	(842,024)
Realized and unrealized (loss)/gain on investment transactions			
Realized loss on investment in securities	2(d),11	**(7,097,636)**	–
Net unrealized gain on investments in securities	2(d)	**5,984,482**	4,085,578
		(1,113,154)	4,085,578
Net decrease in net assets resulting from operations		**(2,235,873)**	(3,243,554)
Non-controlling interest		**(103,050)**	391,038
Equity holding of parent		**(2,132,823)**	2,852,516
		(2,235,873)	3,243,554

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in net assets

as at 30 June 2015

(Stated in United States Dollars)	Share capital	Additional paid-in capital	Accumulated deficit	Non-controlling interest	Total
As at 1 January 2014	1,097,344	111,886,393	(53,808,935)	5,227,226	64,402,028
Net increase in net assets resulting from operations	–	–	2,877,701	391,040	3,268,741
As at 30 June 2014	**1,097,344**	**111,886,393**	**(50,931,234)**	**5,618,266**	**67,670,769**
As at 1 January 2015	1,097,344	111,886,393	(56,080,442)	5,148,006	62,051,301
Net decrease in net assets resulting from operations	–	–	(2,132,823)	(103,050)	(2,235,873)
As at 30 June 2015	**1,097,344**	**111,886,393**	**(58,213,265)**	**5,044,956**	**59,815,428**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the six month period ended 30 June 2015

(Stated in United States Dollars)	Six months ended 30 June 2015	Six months ended 30 June 2014
Cash flow from operating activities		
Net (decrease)/increase in net assets resulting from operations	**(2,235,873)**	3,243,554
Adjustments to reconcile net (decrease)/increase in net assets resulting from operations to net cash used in operating activities:		
Net unrealized gain on investments in securities	**(5,984,482)**	(4,085,578)
Realized loss on investment in securities	**7,097,636**	–
Proceeds from sale of investment in securities	**191,165**	–
Change in operating assets and liabilities:		
Decrease in other assets	**85,808**	32,218
Decrease in current liabilities	**(190,504)**	(53,920)
	(1,036,250)	(863,726)
Net change in cash and cash equivalents during the period	**(1,036,250)**	(863,726)
Cash and cash equivalents at beginning of period	**3,830,802**	5,328,435
Cash and cash equivalents at end of period	**2,794,552**	4,464,709

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
for the six month period ended 30 June 2015
(Stated in United States Dollars)

1. Organization and principal activity

Kubera Cross-Border Fund Limited (the "Fund") was incorporated in the Cayman Islands on 23 November 2006 as an exempted company with limited liability.

The Fund is a closed-end investment company trading on the AIM market of the London Stock Exchange. The Fund makes private equity investments in cross-border companies, primarily in businesses that operate in the US-India corridor.

The Fund is managed by Kubera Partners, LLC (the "Investment Manager"), a Delaware limited liability company. The Investment Manager is responsible for the day-to-day management of the Fund's investment portfolio in accordance with the Fund's investment objective and policies and has full discretionary investment management authority.

The Fund is a Limited Partner in Kubera Cross-Border Fund LP (the "Partnership"), an exempted limited partnership formed on 28 November 2006, in accordance with the laws of the Cayman Islands. The primary business of the Partnership is to invest in, purchase and sell investments for the purpose of carrying out an investment strategy that is consistent with the strategy described in the Admission Document and Offering Memorandum of the Fund.

Kubera Cross-Border Fund (GP) Limited, a company incorporated under the laws of the Cayman Islands and a wholly owned subsidiary of the Fund, serves as the General Partner of the Partnership.

The Partnership holds 100% ownership in Kubera Cross-Border Fund (Mauritius) Limited ("Kubera Mauritius"), a company incorporated in Mauritius. The primary business of Kubera Mauritius is to carry on business as an investment holding company.

Kubera Mauritius holds 100% ownership in New Wave Holdings Limited, a company incorporated in Mauritius. The primary business of New Wave Holdings Limited is to carry on business as an investment holding company.

IOMA Fund and Investment Management Limited (the "Administrator") is the administrator of the Fund.

2. Significant accounting policies

The accompanying consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles ("US GAAP"). The significant accounting policies adopted by the Fund are as follows:

a. Use of estimates

US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the results of operations during the reporting period and the reported amounts of increases and decreases in net assets from operations during the reporting period.

Significant estimates and assumptions are used for, but not limited to, accounting for the fair values of investments in portfolio companies. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and if material, these effects are disclosed in the notes to the financial statements.

b. Functional currency

The measurement and presentation currency of the financial statements is the United States dollar rather than the local currency of Cayman Island reflecting the fact that subscriptions to and redemptions from the Fund are made in United States dollars and the Fund's operations are primarily conducted in United States dollars.

Notes to the consolidated financial statements

for the six month period ended 30 June 2015 (continued)
(Stated in United States Dollars)

2. Significant accounting policies (continued)

c. Basis of consolidation

The consolidated financial statements include the accounts of the Fund and its wholly owned subsidiary, Kubera Cross-Border Fund (GP) Limited and its majority owned subsidiaries, Kubera Cross-Border Fund LP, Kubera Cross-Border Fund (Mauritius) Limited and New Wave Holdings Limited (together referred to as the 'Group'). All material inter-company balances and transactions have been eliminated.

d. Investment transactions and related investment income and expenses

Investments in securities are held in the custody of Kotak Mahindra Bank Limited. Investment transactions are accounted for on a trade date basis.

Realized gains and losses and movements in unrealized gains and losses are recognized in the statement of operations and determined on weighted average cost method basis. Movements in fair value are recorded in the statement of operations at each valuation date.

For listed securities dividend income is recognized on the ex-dividend date and for unlisted securities dividend income is recognized when the right to receive dividend is established and is presented net of withholding taxes. Interest income and expense are recognized on an accruals basis except for securities in default for which interest is recognized on a cash basis.

e. Fair value

Definition and hierarchy

Investments are recorded at estimated fair value as at the reporting date. The Group follows *ASC* 820 "Fair Value Measurements and Disclosures" which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value as determined by the Board of Directors are classified and disclosed in one of the following categories:

Level I – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level II – Observable inputs other than quoted prices included in Level I that are not observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.

Level III – Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the Group's own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

In determining fair value, the Group uses various valuation approaches. Inputs that are used in determining fair value of an instrument may include price information; quotations received from market makers, brokers, dealers and/or counterparties (when available and considered reliable); credit data; volatility statistics and other factors. Inputs, including price information, may be provided by independent pricing services or derived from market data. Inputs can be either observable or unobservable.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level III. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Valuation

Listed equity securities

Investments in equity securities that are freely tradable and are listed on a national securities exchange are valued at their last sales price as of the valuation date. These investments are classified as Level I in the fair value hierarchy and include common stocks and preferred stock.

Private company

Investment in private company consists of a direct ownership of common and/or preferred stock of a privately held company. The transaction price, excluding transaction costs, is typically the Group's best estimate of fair value at inception. When evidence supports a change to the carrying value from the transaction price, adjustments are made to reflect expected exit values in the investment's principal market under current market conditions.

The Group performs ongoing reviews based on an assessment of trends in the performance of each underlying investment from the inception date through the most recent valuation date. These assessments typically incorporate the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets and changes in financial ratios or cash flows.

Valuation process

The Group establishes valuation processes and procedures to ensure that the valuation techniques for investments that are categorized within Level III of the fair value hierarchy are fair, consistent, and verifiable. The Group designates the Investment Manager to oversee the entire valuation process of the Group's investments.

The Investment Manager is responsible for reviewing the Group's written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies.

Valuations determined by the Investment Manager are required to be supported by market data, third-party pricing sources; industry accepted pricing models, or other methods the Investment Manager deems to be appropriate, including the use of internal proprietary pricing models.

Notes to the consolidated financial statements
for the six month period ended 30 June 2015 (continued)
(Stated in United States Dollars)

2. Significant accounting policies (continued)

e. Fair value (continued)

The following table summarizes the valuation of the Group's investments based on ASC 820 fair value hierarchy levels as of 30 June 2015.

	Total	Level I	Level II	Level III
Investments in securities	57,009,910	–	–	57,009,910
Total	**57,009,910**	**–**	**–**	**57,009,910**

The changes in the investments classified as Level III are as follows:

Balance at 1 January 2015	57,997,388
Unrealized loss for six month period ended 30 June 2015	(987,478)
Balance at 30 June 2015	**57,009,910**
Unrealized losses included in earnings relating to investments held at 30 June 2015	(987,478)

The following table summarizes the valuation of the Group's investments based on the above ASC 820 fair value hierarchy levels as of 30 June 2014.

	Total	Level I	Level II	Level III
Investments in securities	63,154,856	647,282	–	62,507,574
Total	**63,154,856**	**647,282**	**–**	**62,507,574**

The changes in the investments classified as Level III are as follows:

Balance at 1 January 2014	59,069,278
Realized gains for six month period ended 30 June 2014	–
Unrealized gain for six month period ended 30 June 2014	4,085,578
Balance at 30 June 2014	63,154,856
Unrealized gains included in earnings relating to investments held at 30 June 2014	4,085,578

Total realized and unrealized gains and losses, if any, recorded for the Level III investment is reported in net realized gain (loss) on investments in securities and net change in unrealized gain (loss) on investments in securities respectively, in the statement of operations. Investment in securities includes loans given to subsidiaries of portfolio companies as financial support for working capital requirement of $2,767,207 (2014: $5,171,566).

f. Foreign currency translation

Assets and liabilities denominated in a currency other than the U.S. dollar are translated into U.S. dollars at the exchange rate as at the reporting date. Purchases and sales of investments and income and expenses denominated in currencies other than U.S. dollars are translated at the exchange rate on the respective dates of such transactions.

The Group does not generally isolate that portion of the results of operations arising as a result of changes in the foreign currency exchange rates from the fluctuations arising from changes in the market prices of securities. Accordingly, such foreign currency gain (loss) is included in net realized and unrealized gain (loss) on investments.

g. Buy back

The Fund repurchases its shares by allocating the excess of repurchase price over par value against additional paid-in capital.

h. Cash and cash equivalents

Cash and cash equivalents includes highly liquid investments, such as money market funds, that are readily convertible to known amounts of cash within 90 days from the date of purchase. All cash balances are held at major banking institutions.

i. Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

j. Income taxes

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Group. Deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the consolidated financial statements carrying amount of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using prevailing tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statement of operations in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits of which future realization is not more likely than not.

k. Fair value of financial instruments other than investment in securities

The Group's investments are accounted as described in Note 2(e). The Group's financial instruments include other current assets, accounts payable and accrued expenses, which are realizable or to be settled within a short period of time. The carrying amounts of these financial instruments approximate their fair values.

l. Comprehensive income

The Group has no comprehensive income other than the net income disclosed in the statement of operations. Therefore, a statement of comprehensive income has not been prepared.

m. Investment management fees

On 17 January 2013 and subsequently on 7 June 2013, the Board of Directors of the Company fixed the management fees for the years 2013 to 2015. Provided that if at any time prior to 31 December 2015, the Net Asset Value does not drop below 15 per cent of the Net Asset Value as at 1 January 2013, the Company shall pay a management fee to the Manager which shall be:

- US$1,997,079 per annum for the period from 1 January 2013 to 31 December 2014 less the administration fee payable to IOMA Fund and Investment Management Limited ("IOMA") for such period;
- US$1,697,515 for the period from 1 January 2015 to 31 December 2015 less the administration fee payable to IOMA.

For periods subsequent to 31 December 2015 the management fee will be negotiated by both parties at that time.

Notes to the consolidated financial statements
for the six month period ended 30 June 2015 (continued)
(Stated in United States Dollars)

2. Significant accounting policies (continued)

Carried interest

Under the terms of the Partnership Agreement, Kubera Cross-Border Incentives SPC – Carried Interest SP, the Special Limited Partner of the Partnership and an affiliate of the Investment Manager, is entitled to receive a carried interest from the Partnership equivalent to 20 per cent, of the aggregate return over investment received by the Partnership following the full or partial cash realization of an investment.

Aggregate return, for the purposes of calculating the carried interest, is defined as the net realized gains reduced by the net unrealized losses of the Partnership to the date of such distribution. Realized and unrealized gains or losses on each investment are determined on the most recent announced NAV immediately prior to the date of such distribution.

The payment of carried interest is conditional upon the fact that the last announced adjusted NAV of the Fund prior to the date of distribution should be equal to or greater than the Par Value. The adjusted NAV is arrived at by adding back the value of any income or capital distributions made by the Fund to its shareholders.

In addition, the carried interest payment is adjusted such that, the aggregate cumulative amount of carried interest paid at the date of such distribution will equal 20 per cent, of the eligible carried interest proceeds.

Eligible carried interest proceeds may not be less than zero.

3. Investment management fees and carried interest

Investment management fees

During the six month period ended 30 June 2015, the Fund paid US$801,258 (30 June 2014: US$951,040) as investment management fee.

Carried interest

During the six month period ended 30 June 2015, no carried interest is paid/payable (30 June 2014: Nil).

4. Directors' fees and expenses

The Fund pays each of its directors an annual fee of £20,000 and the Chairman is paid an annual fee of £25,000, plus reimbursement for out-of-pocket expenses incurred in the performance of their duties. The members of the Audit Committee are paid an annual fee of £2,000 and the Chairman of the Audit Committee is paid an annual fee of £5,000. Mr. Raghavendran has waived his director's fees as long as he is interested in the Investment Manager.

The Fund does not remunerate its directors by way of share options and other long term incentives or by way of contribution to a pension scheme.

5. Cash and cash equivalents

	30 June 2015	30 June 2014
Cash at bank	**2,794,552**	1,464,709
Time deposits	–	3,000,000
	2,794,552	4,464,709

6. Share capital and additional paid-in capital

	30 June 2015	30 June 2014
Authorized share capital: 1,000,000,000 ordinary shares of $0.01 each	**10,000,000**	10,000,000

	Number of Shares	Share Capital	Additional paid-in capital	Total
As at 30 June 2015	**109,734,323**	**1,097,344**	**111,886,393**	**112,983,737**
As at 30 June 2014	109,734,323	1,097,344	111,886,393	112,983,737

7. Income taxes

Under the laws of the Cayman Islands, the Fund, Kubera Cross-Border Fund (GP) Limited and Kubera Cross-Border Fund LP, are not required to pay any tax on profits, income, gains or appreciations and, in addition, no tax is to be levied on profits, income, gains, or appreciations or which is in the nature of estate duty or inheritance tax on the shares, debentures or other obligations of the Fund and its Cayman based subsidiaries, or by way of withholding in whole or part of a payment of dividend or other distribution of income or capital by the Fund and its Cayman based subsidiaries, to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Fund and its Cayman based subsidiaries.

Under laws and regulations in Mauritius, the Fund's majority owned subsidiaries, Kubera Cross-Border Fund (Mauritius) Limited and New Wave Holdings Limited, are liable to pay income tax on their net income at a rate of 15%. They are however entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of their foreign source income tax thus reducing their maximum effective tax rate to 3%. Both subsidiaries have received a tax residence certificate from the Mauritian authorities certifying that they are residents of Mauritius, which is renewable on an annual basis subject to meeting certain conditions and which make them eligible to obtain benefits under the Double Tax Avoidance Treaty between Mauritius and India.

ASC 740, "Accounting for Income Taxes" clarifies when and how to recognize tax benefits in the financial statements with a two-step approach of recognition and measurement. It also requires the enterprise to make explicit disclosures about uncertainties in their income tax positions, including a detailed roll-forward of tax benefits taken that do not qualify for financial statement recognition. There are no uncertain tax positions and related interest and penalties as of 30 June 2015.

The Fund monitors proposed and issued tax law, regulations and cases to determine the potential impact to uncertain income tax positions. As at 30 June 2015, there are no potential subsequent events that would have a material impact on unrecognized income tax benefits within the next six months.

Notes to the consolidated financial statements

for the six month period ended 30 June 2015 (continued)
(Stated in United States Dollars)

8. Non-controlling interest

	30 June 2015	30 June 2014
Share capital	**7,648,511**	7,648,511
Accumulated share of loss	**(2,603,555)**	(2,030,245)
Total	**5,044,956**	5,618,266

Non-controlling interest is primarily composed of the partnership interests of Kubera Cross-Border Incentives SPC - Co-Investment Segregated Portfolio, a Cayman Islands company and an affiliate of the Investment Manager, in the consolidated affiliates.

9. Transactions with related parties

A. The following table lists the related parties of the Group:

Name	Nature of relationship
Ramanan Raghavendran	Director
Martin Michael Adams	Independent Director
Robert Michael Tyler	Independent Director
Kubera Partners LLC	Investment Manager
Kubera Cross-Border Incentives SPC – Carried Interest SP	Special Limited Partner of the Partnership

B. During the year transactions with related parties are as disclosed below:

	30 June 2015	30 June 2014
Investment management fees paid to Investment Manager	801,258	951,040
Director fee, audit committee member fee and reimbursement of expenses paid to Martin Michael Adams	28,160	24,325
Director fee, audit committee member fee and reimbursement of expenses paid to Robert Michael Tyler	19,140	21,579

10. Financial instruments and associated risks

The Group's investment activities expose it to various types of risks, which are associated with the financial instruments and markets in which it invests. The financial instruments expose the Group in varying degrees to elements of liquidity, market and credit risk. The following summary is not intended to be a comprehensive summary of all risks inherent in investing in the Group and reference should be made to the Group's admission document for a more detailed discussion of risks.

a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market variables such as interest, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the particular security or factors that affect all securities in the markets. Investments are typically made with a specific focus on India and thus are concentrated in that region. Political or economic conditions and the possible imposition of adverse governmental laws or currency exchange restrictions in that region could cause the Group’s investments and their markets to be less liquid and prices more volatile. The Group is exposed to market risk on all of its investments.

b) Industry risk

The Group’s investments may have concentration in a particular industry or sector and performance of that particular industry or sector may have a significant impact on the Group. The Group’s investments may also be subject to the risk associated with investing in private equity securities. Investments in private equity securities may be illiquid and subject to various restrictions on resale and there can be no assurance that the Group will be able to realize the value of such investments in a timely manner.

c) Credit risk

Credit risk is the risk that an issuer/counterparty will be unable or unwilling to meet its commitments to the Group. Financial assets that are potentially subject to significant credit risk consist of cash and cash equivalents. The maximum credit risk exposure of these items is their carrying value.

d) Currency risk

The Group has assets denominated in currencies other than the US Dollar, the functional currency. The Group is therefore exposed to currency risk as the value of assets denominated in other currencies will fluctuate due to changes in exchange rates. The Group's cash and cash equivalents are held in US Dollars.

e) Liquidity risk

The Group is exposed to liquidity risk as a majority of the Group's investments are largely illiquid. Illiquid investments include any securities or instruments which are not actively traded on any major securities market or for which no established secondary market exists where the investments can be readily converted into cash. Reduced liquidity resulting from the absence of an established secondary market may have an adverse effect on the prices of the Group's investments and the Group's ability to dispose of them where necessary to meet liquidity requirements. As a result, the Group may be exposed to significant liquidity risk.

f) Political, economic and social risk

Political, economic and social factors, mainly changes in Indian laws or regulations and the status of India's relations with other countries may adversely affect the value of the Group's investments.

11. Sale of Investments

During the period the Group sold its full holding of 1,000,000 equity shares in GSS Infotech Limited (holding at 30 June 2014: 1,000,000 equity shares), which generated proceeds of $191,165. This investment was the only Level I security the Group held during the current and prior year. The sale resulted in a realized loss of $7,097,636 (prior year: nil).

12. Previous year comparatives

Prior year comparatives have been regrouped and reclassified wherever necessary to confirm with the current year's presentation.

Corporate Information

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Martin Michael Adams, Chairman
Robert Michael Tyler
Ramanan Raghavendran

Audit Committee
Robert Michael Tyler, Chairman
Martin Michael Adams

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